

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1015 - SB 1271

March 28, 2021

SUMMARY OF ORIGINAL BILL: Expands the Volunteer Rx prescription drug discount program to permit discount plans to include dental and vision services, in addition to prescription drugs. Authorizes a discount plan operator to assess a one-time non-refundable processing fee if a member cancels a membership plan within 30 days of joining the plan.

Prohibits operators and marketers from: (1) misleading consumers into thinking the discount plan is health insurance; (2) misrepresenting discounts; and (3) accepting, or collecting money from its members to pay a fee to pharmacies, dentists, or vision care providers for healthcare services. Requires an operator to approve in writing, prior to the marketer's use, all cards and distributed materials used by marketers to offer, sell, market, advertise, or otherwise distribute the discount plan.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$10,210,200/FY21-22
\$10,201,600/FY22-23 and Subsequent Years

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue - \$10,079,600/FY21-22 and Subsequent Years

SUMMARY OF AMENDMENT (006048): Deletes and rewrites all language after the enacting clause by creating a new chapter regarding the regulation of discount plans. Defines "discount plan" by expanding prescription drug discount programs to permit the inclusion of dental and vision services, in addition to prescription drugs. Defines "operator" and "marketer" and excludes a marketer from the requirement to obtain a valid certificate of registration. On or after August 1, 2022, it is a violation for an operator to sell, market, promote, advertise, or otherwise distribute a discount plan without registering with the Department of Commerce and Insurance. Authorizes a discount plan operator to assess a one-time non-refundable processing fee if a member cancels a membership plan within 30 days of joining the plan.

Prohibits operators and marketers from: (1) misleading consumers into thinking the discount plan is health insurance; (2) misrepresenting discounts; and (3) accepting, or collecting money from its members to pay a fee to pharmacies, dentists, or vision care providers for healthcare services. Requires an operator to approve in writing, prior to the marketer's use, all cards and distributed materials used by marketers to offer, sell, market, advertise, or otherwise distribute the discount plan.

Requires the Volunteer Rx prescription drug discount program, also known as Cover Rx, to meet the regulation requirements set forth in the newly created chapter.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Currently, prescription drug discount programs are required to be registered with the Department of Commerce and Insurance (DCI). Expanding these plans to include vision and dental will not significantly impact the operations or workload of the DCI.
- The DCI will not incur a significant increase in revenue from administrative fees collected as a result of additional violations which may occur due to the expansion of services by discount plans.
- The Volunteer Rx program is currently known as the Cover Rx program. The proposed legislation will not require the Cover Rx program to offer vision or dental discount plans to enrollees.
- The additional requirements for registration of a prescription drug discount plan do not significantly alter information that is currently required or the operations of programs; therefore, any fiscal impact to the Cover Rx program will not be significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption for the bill as amended:

- Any expenditures incurred by discount plan operators or marketers based on the additional regulatory requirements are estimated to not be significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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